

# AGENDA

Water and Wastewater Financing Board

September 10, 2009

10:00 am

Room 31, Legislative Plaza

(6<sup>th</sup> Avenue between Charlotte Avenue and Union Street)  
Nashville, Tennessee

## Call to Order

## Approval of Minutes

November 13, 2008

December 18, 2008

Cases:	Copper Basin Utility District	Polk County
	Town of Vonore	Blount/Monroe Counties
	City of Milan	Gibson County
	Town of Bulls Gap	Greene County
	Town of Gibson	Gibson County
Status:	City of Millington	Shelby County
Compliance:	Town of Petersburg	Lincoln/Marshall Counties
	City of Kenton	Gibson/Obion Counties
	City of Morristown	Hamblen County
Miscellaneous:	Jurisdiction list	
	2009 Legislation	Public Chapter 72
	Inside/Outside rate study	
	Water Loss Issues	
	Dennis Dycus letter	
	Travel rates effective 7/1/09	
	Updated member list	
	Next meeting	November 12, 2009

## Open Discussion

Visitors to the Legislative Plaza are required to pass through a metal detector and must present photo identification. Individuals with disabilities who wish to participate in this meeting or to review filings should contact the Division of Local Finance to discuss any auxiliary aids or services need to facilitate such participation. Such contact may be in person or by writing, telephone or other means, and should be made prior to the scheduled meeting date to allow time to provide such aid or service. Contact the Division of Local Finance (Ms. Joyce Welborn) for further information

Suite 1700, James K. Polk State Office Building  
505 Deaderick Street  
Nashville, TN 37243-0274  
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Joyce.Welborn@state.tn.us

## WATER AND WASTEWATER FINANCING BOARD Case Study

Case: Copper Basin Board of Public Utilities  
County Mayor: Mike Stinnett  
Board Chair: Jackie Russell  
Customers: 1,321 water, 214 sewer

The Copper Basin Board of Public Utilities has been reported as having a negative change in net assets for at least five years according to the information contained in audited financial statements.

There are numerous issues that must be dealt with regarding this entity.

1. Many years ago, the office of the Comptroller of the Treasury determined that this entity was a component unit of Polk County created under TCA Title 5, Chapter 16. Since that time, it has been reported to the Division of County Audit. The name Copper Basin Utility District is used alternately with Copper Basin Board of Public Utilities. There is a question if either entity was correctly formed under state law and filed with the Secretary of State. The Secretary of State has no record of either entity. Which entity is correct?
2. At least a portion of the debt of the entity was approved by Polk County and guaranteed by Polk County – even though it was paid by the entity. Part of the debt was issued as revenue and tax bonds and other parts were issued only as revenue bonds. If the entity is a utility district, then the county would not be required to issue or guarantee the debt. If the entity is part of the county, then it has no authority to issue debt on its own.
3. It appears that an act was passed by the General Assembly several years ago (between 1990 and 1995) allowing the size of the board to increase from three to five members. It is difficult to determine if the current board is properly in place with the proper terms and has the authority to make decisions. The passage of that act may affect the other utility districts in Polk County (Cherokee Hills and Ocoee) regarding size of the board.
4. There are differences in operational or managerial procedures between a utility district and a county system.

The financial distressed condition of the entity has not been addressed pending the resolution of the issues above. Staff met with the County Executive in August 2008 and the entity board in September 2008 and granted a delay in appearing before the Board to resolve the issues. However, such a long delay was not anticipated.

After several attempts to encourage resolution, staff notified the County Executive and the Board Chairman in May 2009 that the Copper Basin Board of Public Utilities was required to appear before the Water and Wastewater Financing Board (WWFB) on

September 10, 2009. Although the WWFB has the authority to act regardless of the issues mentioned above, it has a memorandum of understanding to allow the Utility Management Review Board to act on cases of utility districts.

Staff projected that a revenue increase of 45% would be needed based on the FY 2008 audit. Representatives from the Tennessee Association of Utility Districts have also met with the utility officials and suggested that they review their policies and procedures. The amounts of overtime staff is being paid appear to be very excessive.

In early August, information was received from the attorney for the District explaining the current situation. That information is attached. However, as of August 14, 2009, the financial condition of the District has not been addressed, or, the information has not been shared with staff.

Since the audit has always been filed with the Division of County Audit, the referral was made to the WWFB. Based on the information received from the attorney, it appears that this entity is a utility district and should have been reported to the Utility Management Review Board. Staff recommends that the WWFB refer this case to the Utility Management Review Board for further action.

COPPER BASIN UTILITY DISTRICT						
HISTORY FILE						
	Audited 2004	Audited 2005	Audited 2006	Audited 2007	Audited 2008	
<b>June 30</b>						
Water/sewer revenues	\$ 514,056	\$ 463,113	\$ 449,110	\$ 515,148	\$ 570,676	
Other revenues	\$ 19,665	\$ 7,460	\$ 45,620	\$ 27,557	\$ 36,291	
<b>Total Revenues</b>	<b>\$ 533,721</b>	<b>\$ 470,573</b>	<b>\$ 494,730</b>	<b>\$ 542,705</b>	<b>\$ 606,967</b>	
<b>Total Operating Expenses</b>	<b>\$ 537,432</b>	<b>\$ 582,142</b>	<b>\$ 611,963</b>	<b>\$ 667,498</b>	<b>\$ 672,318</b>	
Operating Income	\$ (3,711)	\$ (111,569)	\$ (117,233)	\$ (124,793)	\$ (65,351)	
Interest Expense	\$ 46,755	\$ 34,780	\$ 52,002	\$ 39,283	\$ 43,853	
<b>Change in Net Assets</b>	<b>\$ (50,466)</b>	<b>\$ (146,349)</b>	<b>\$ (169,235)</b>	<b>\$ (164,076)</b>	<b>\$ (109,204)</b>	
<u>Supplemental Information</u>						
Principal payment	\$ 32,588	\$ 32,451	\$ 32,356	\$ 38,769	\$ 39,489	
Depreciation	\$ 151,872	\$ 148,689	\$ 150,075	\$ 153,238	\$ 145,588	
<b>Water Rates</b>						
<i>Residential</i>						
First 2,000 gallons			\$ 15.00	\$ 16.00	\$ 19.89	
Over 2,000 gallons			\$ 4.88	\$ 5.13	\$ 6.00	
<i>Commercial</i>						
First 2,000 gallons			\$ 17.00	\$ 18.00	\$ 22.23	
Over 2,000 gallons			\$ 4.88	\$ 6.60	\$ 7.72	
Customers			1,240	1,286	1,321	
<b>Sewer Rates</b>						
<i>Residential</i>						
First 2,000 gallons			\$ 7.00	\$ 7.25	\$ 8.48	
Over 2,000 gallons			\$ 2.97	\$ 3.27	\$ 3.83	
<i>Commercial</i>						
First 2,000 gallons			\$ 10.00	\$ 10.50	\$ 12.29	
Over 2,000 gallons			\$ 5.19	\$ 6.19	\$ 7.53	
Customers			209	211	214	
<b>WATER LOSS</b>				19.84%	18.00%	

Copper Basin Utility District									
Projections									
	Audited	Projected	1%	Growth rate	Growth rate	Growth rate	Growth rate	Growth rate	
	2008	2009		2010	2011	2012	2013		
<b>June 30</b>									
Water/sewer revenues	\$ 570,676	\$ 520,517		\$ 525,722	\$ 530,979	\$ 536,289	\$ 541,652		
Other revenues	\$ 36,291	\$ 27,557		\$ 27,557	\$ 27,557	\$ 27,557	\$ 27,557		
<b>Total Revenues</b>	<b>\$ 606,967</b>	<b>\$ 548,074</b>	<b>45%</b>	<b>\$ 236,575</b>	<b>\$ 238,941</b>	<b>\$ 241,330</b>	<b>\$ 243,743</b>		
				<b>\$ 789,854</b>	<b>\$ 797,477</b>	<b>\$ 805,176</b>	<b>\$ 812,953</b>		
<b>Total Operating Expenses</b>	<b>\$ 672,318</b>	<b>\$ 687,523</b>	<b>3%</b>	<b>\$ 708,149</b>	<b>\$ 729,393</b>	<b>\$ 751,275</b>	<b>\$ 773,813</b>		
Operating Income	\$ (65,351)	\$ (139,449)		\$ 81,705	\$ 68,084	\$ 53,901	\$ 39,139		
Interest Expense	\$ 43,853	\$ 42,804		\$ 40,592	\$ 38,638	\$ 36,662	\$ 34,346		
<b>Change in Net Assets</b>	<b>\$ (109,204)</b>	<b>\$ (182,253)</b>		<b>\$ 41,113</b>	<b>\$ 29,446</b>	<b>\$ 17,239</b>	<b>\$ 4,793</b>		
<u>Supplemental Information</u>									
Principal payment	\$ 39,489	\$ 44,740		\$ 40,219	\$ 40,688	\$ 46,179	\$ 46,693		
Depreciation	\$ 145,588	\$ 145,588		\$ 145,588	\$ 145,588	\$ 145,588	\$ 145,588		
<b>Water Rates</b>									
<i>Residential</i>									
First 2,000 gallons	\$ 19.89								
Over 2,000 gallons	\$ 6.00								
<i>Commercial</i>									
First 2,000 gallons	\$ 22.23								
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First 2,000 gallons	\$ 12.29								
Over 2,000 gallons	\$ 7.53								
Customers	214								
<b>WATER LOSS</b>	18.00%								

BRANSTETTER, STRANCH & JENNINGS, PLLC

ATTORNEYS AT LAW

227 SECOND AVENUE NORTH

FOURTH FLOOR

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TELEPHONE (615) 254-8801

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August 7, 2009

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Ms. Joyce Welborn  
Office of the Comptroller of the Treasury, Division of Local Finance  
Water and Wastewater Financing Board  
505 Deaderick Street, Suite 1700  
Nashville, TN 37243-0274

Re: Copper Basin Utility District

Dear Joyce:

I am writing you in response to your letter dated July 23, 2009, to Jackie Russell, a member of the Copper Basin Utility District Board of Commissioners, requesting a letter regarding the legal status of the Copper Basin water system. A few months ago I was contacted by the Copper Basin Utility District Board and the District's consulting engineer, Gary McGill, to look into the issue of the proper operation and governance of the water system being operated by the Copper Basin Utility District. The history of the creation of the Copper Basin Utility District, the purported creation of the Polk County Board of Public Utilities, the financing of water system additions to the Copper Basin water system by Polk County and the actual operation of the water system have caused a great deal of confusion regarding the operation and governance of the Copper Basin water system.

I have reviewed the original order creating the Copper Basin Utility District, the resolution creating the Polk County Board of Public Utilities, certain records provided to me by the District, recent Polk County audits which contain financial information on the Copper Basin Utility District and the bond resolutions issued by Polk County for financing certain water system improvements to the Copper Basin water system. I have worked with Gary McGill to obtain additional history on the Copper Basin water system. On July 27, 2009, Jackie Russell, Gary McGill and I met with Mike Stinnett, Polk County Mayor, to discuss the most appropriate way to address the confusion surrounding the legal status and operation of the Copper Basin water system. As a result of that meeting, the persons in attendance agreed that the most appropriate way to address the issues surrounding the Copper Basin water system was for the following steps to be taken.

*Via Hand Delivery*  
**RECEIVED**  
AUG 10 2009  
LOCAL FINANCE

Ms. Joyce Welborn  
August 7, 2009  
Page 2

(1) The Polk County Mayor and Polk County Commission will take appropriate action to appoint and confirm the members of the Board of Commissioners of Copper Basin Utility District which are appointed and confirmed pursuant to Chapter 825 of the 1990 Tennessee Public Acts.

(2) The Polk County Commission will adopt a resolution rescinding the ineffective creation of the Polk County Board of Public Utilities (which has been referred to as the Copper Basin Board of Public Utilities in recent years).

(3) The Polk County Commission will affirm by resolution that the Copper Basin Utility District is authorized to operate the water system improvements financed by the Polk County for the County pursuant to T.C.A. § 5-16-107.

(4) Copper Basin Utility District will seek to issue its own bonds to pay off Polk County's outstanding revenue bond issues which financed water system improvements to the Copper Basin water system or seek to have the Polk County bonds assigned and transferred to the District, and upon the assumption of the bonded indebtedness of Polk County related to the water system, Polk County will convey any interest it has in the Copper Basin water system to the District.

I have enclosed the Resolution which has been prepared to accomplish these objectives. The Resolution recites a history of the Copper Basin water system and the confusion which has resulted from this history. This Resolution is scheduled to be considered by the Polk County Commission at its meeting on August 20, 2009.

The Order of the County Judge of Polk County dated April 28, 1977 which created the Copper Basin Utility District was filed with the Tennessee Secretary of State on August 3, 2009.

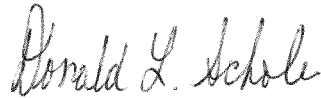
Because the Copper Basin water system has historically been operated by the Board of Commissioners of the Copper Basin Utility District, I believe the financial condition of the District should be addressed by the Utility Management Review Board.

I will be glad to provide further information to you, the Water and Wastewater Financing Board or the Utility Management Review Board upon request about the Copper Basin Utility District and its water system.

Ms. Joyce Welborn  
August 7, 2009  
Page 3

The District's consulting engineer will be providing follow up information to you on the District's plan to address its financially distressed condition.

Sincerely yours,

A handwritten signature in cursive script, reading "Donald L. Scholes".

DONALD L. SCHOLES

Enclosure

c: Jackie Russell  
Honorable Mike Stinnett  
Gary McGill



**RESOLUTION NO. \_\_\_\_\_**

WHEREAS, the Copper Basin Utility District of Polk County, Tennessee was created by Order of the County Judge of Polk County dated April 28, 1977;

WHEREAS, the initial water system of the Copper Basin Utility District was financed and operated by the Copper Basin Utility District;

WHEREAS, the Copper Basin Utility District owns and operates a sewer system serving the City of Ducktown located within the District's boundaries;

WHEREAS, the County Council of Polk County adopted Resolution No. 251 on April 16, 1981 which purported to create a Polk County Board of Public Utilities pursuant to T.C.A. 5-16-101 *et seq.*

WHEREAS, Polk County appeared to create the Polk County Board of Public Utilities to enable Polk County to apply for a grant and loan for the Copper Basin water system from the Farmers Home Administration;

WHEREAS, pursuant to T.C.A. § 5-16-102(1), Polk County desired that the new Polk County Board of Public Utilities be operated by an existing agency of Polk County;

WHEREAS, Polk County designated the Copper Basin Utility District to serve as the Polk County Board of Public Utilities;

WHEREAS, Copper Basin Utility District is not a part of Polk County but is a separate municipality and political subdivision of the State of Tennessee pursuant to T.C.A. § 7-82-301(a);

WHEREAS, Copper Basin Utility District was not and is not an agency of Polk County making the designation of the Copper Basin Utility District as the agency to operate the Polk County Board of Public Utilities contrary to the provisions of T.C.A. § 5-16-102(1);

WHEREAS, since the attempted creation of the Polk County Board of Public Utilities, Polk County has issued revenue bonds to finance a portion of the Copper Basin water system;

WHEREAS, the Board of Commissioners of Copper Basin Utility District has operated the Copper Basin water and sewer system, including the portion of the water system financed by revenue bonds issued by Polk County, and has been making the principal and interest payments on these bonds from revenues of the Copper Basin Utility District;

WHEREAS, under T.C.A. § 5-16-107, Polk County was and is authorized to enter into cooperative arrangements and agreements with other public agencies, including Copper Basin Utility District, to provide water service with facilities financed by Polk County;

WHEREAS, the Polk County Board of Public Utilities has been referred to as the Copper Basin Board of Public Utilities and the operations of the Copper Basin Utility District have been included in the Polk County audit for several years with the Copper Basin Utility District being described as a discretely presented component unit of Polk County even though Copper Basin Utility District is a separate public entity and municipality and is not a part of Polk County;

WHEREAS, both the Board of Commissioners of Copper Basin Utility District and the members of the Polk County Board of Public Utilities are appointed by the Polk County Executive with confirmation by the Polk County Commission;

WHEREAS, the members of the Board of Commissioners of Copper Basin Utility District appear to have served in dual roles as members of the Board of Commissioners of Copper Basin Utility District and as board members of the Polk County Board of Public Utilities;

WHEREAS, the ineffective designation of the Copper Basin Utility District to operate the Polk County Board of Public Utilities, the financing of a portion of the Copper Basin water system by Polk County with the operation and maintenance by the Copper Basin Utility District

of the water system improvements financed by Polk County and the apparent dual role of the members of the Board of Commissioners of Copper Basin Utility District and as members of the Board of Commissioners of Copper Basin Utility District and board members of the Polk County Board of Public Utilities has caused great confusion about the operation and governance of the Copper Basin water system;

WHEREAS, the present members of the Board of Commissioners of Copper Basin Utility District are David Bingham, Robert Coffey, Jackie Russell, Bud Taylor and Roger Thomas;

WHEREAS, to address the confusion which exists about the governance of the Copper Basin Utility District and its water system, the Polk County Executive, Mike Stinnett, has appointed these five persons to serve on the Board of Commissioners of Copper Basin Utility District subject to confirmation by the Polk County Commission pursuant to Chapter 825 of the 1990 Tennessee Public Acts; and

WHEREAS, the Polk County Executive and the Polk County Commission desire to take the necessary steps to clear up the current confusion over the governance of the Copper Basin water system and to ensure that the Copper Basin water system is operated pursuant to Tennessee statutes for the benefit of the citizens of Polk County.

NOW THEREFORE BE IT RESOLVED by the Polk County Commission that the appointment by the Polk County Mayor of the following individuals to serve on the Board of Commissioners of the Copper Basin Utility District of Polk County, Tennessee is hereby confirmed:

David Bingham	Term expiring August 31, 2010
Robert Coffey	Term expiring August 31, 2011
Jackie Russell	Term expiring August 31, 2010
Bud Taylor	Term expiring August 31, 2010
Roger Thomas	Term expiring August 31, 2011

BE IT FURTHER RESOLVED that Resolution No. 251 creating the Polk County Board of Public Utilities is hereby rescinded and is of no further force and effect.

BE IT FURTHER RESOLVED that the Board of Commissioners of Copper Basin Utility District of Polk County, Tennessee is hereby authorized to continue to operate and maintain the portion of the Copper Basin water system financed by Polk County pursuant to T.C.A. § 5-16-107 and shall continue to make the interest and principal payments on the revenue bonds issued by Polk County to finance water system improvements to the Copper Basin water system.

BE IT FURTHER RESOLVED that Polk County will work with the Board of Commissioners of Copper Basin Utility District to convey the water system improvements financed by Polk County to Copper Basin Utility District upon Copper Basin Utility District's payment of the County's outstanding bonded indebtedness on the Copper Basin Utility District's water system or the assumption of Polk County's indebtedness by the Copper Basin Utility District and the assignment and transfer of such bonds to the Copper Basin Utility District.

Adopted this 20<sup>st</sup> day of August, 2009.

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WATER AND WASTEWATER FINANCING BOARD  
Case Study

Case: Town of Vonore, Blount and Monroe Counties  
Mayor: Fred Tallent  
Customers: 350 sewer

The Town of Vonore has been experiencing a negative change in net assets for the last three fiscal years in its sewer collection system according to the information contained in audited financial statements.

The sewer rates as shown in the June 2008 audit are:

Minimum bill (2,000 gallons)	\$10.75
Over 2,000 gallons	\$ 5.40
Well water (flat rate)	\$10.60

The water in Town is provided by TASS (Tellico Area Service System). TASS also owns and operates the sewage treatment plant. In the past, TASS has refused to disconnect water to a customer for non-payment of sewer fees. Town officials are supposed to contact them once again about taking over the system

The Town has major infiltration and inflow (I & I) problem which must be addressed. Several applications for grant funding have been made but denied. The Town officials believe that part of the I & I problem is with leaking water lines from TASS flowing into the sewer collection system via manholes.

Rates are typically increased every three years – the last one being in 2006. Renters in a trailer park leaving without payment is a major problem.

Attached is the plan of action as submitted by the Town.

Staff recommends that the Town be given six months to show results of the proposals (...working with, ...trying to fix,...are in talks with,...looking at). Another report will be made at that time.

TOWN OF VONORE				
HISTORY FILE				
	Audited 2006	Audited 2007	Audited 2008	
<b>Fiscal Year ending June 30</b>				
Sewer revenues	\$ 91,753	\$ 116,448	\$ 119,688	
Other revenues	\$ 36,120	\$ 16,237	\$ 9,110	
<b>Total Revenues</b>	<b>\$ 127,873</b>	<b>\$ 132,685</b>	<b>\$ 128,798</b>	
<b>Total Operating Expenses</b>	<b>\$ 200,633</b>	<b>\$ 194,864</b>	<b>\$ 196,270</b>	
Operating Income	\$ (72,760)	\$ (62,179)	\$ (67,472)	
Interest Expense	\$ -	\$ -	\$ -	
<b>Change in net assets</b>	<b>\$ (72,760)</b>	<b>\$ (62,179)</b>	<b>\$ (67,472)</b>	
<u>Supplemental Information</u>				
Depreciation	\$ 69,038	\$ 69,459	\$ 54,983	
<b><u>Sewer rates</u></b>				
First 2,000 gallons	\$ 8.60	\$ 8.60	\$ 10.75	
Over 2,000 gallons	\$ 4.30	\$ 4.30	\$ 5.40	
Well water flat rate	\$ 8.50	\$ 8.50	\$ 10.60	
customers	327	330	350	

Town of Vonore									
Projections									
				1%	Growth rate Projection	Growth rate Projection	Growth rate Projection	Growth rate Projection	Growth rate Projection
	Audited 2008	Projected 2009			2010	2011	2012	2013	
<b>Fiscal Year ending June 30</b>									
Sewer revenues	\$ 119,688	\$ 120,885			\$ 122,094	\$ 123,315	\$ 124,548	\$ 125,793	
Other revenues	\$ 9,110	\$ 9,110			\$ 9,110	\$ 9,110	\$ 9,110	\$ 9,110	
				70%	\$ 85,466	\$ 86,320	\$ 87,184	\$ 88,055	
<b>Total Revenues</b>	<b>\$ 128,798</b>	<b>\$ 129,995</b>			<b>\$ 216,670</b>	<b>\$ 218,745</b>	<b>\$ 220,841</b>	<b>\$ 222,959</b>	
<b>Total Operating Expenses</b>	<b>\$ 196,270</b>	<b>\$ 206,084</b>		3%	<b>\$ 212,267</b>	<b>\$ 218,635</b>	<b>\$ 225,194</b>	<b>\$ 231,949</b>	
Operating Income	\$ (67,472)	\$ (76,089)			\$ 4,403	\$ 111	\$ (4,352)	\$ (8,991)	
Interest Expense	\$ -	\$ -			\$ 0	\$ 0	\$ 0	\$ 0	
<b>Change in net assets</b>	<b>\$ (67,472)</b>	<b>\$ (76,089)</b>			<b>\$ 4,403</b>	<b>\$ 111</b>	<b>\$ (4,352)</b>	<b>\$ (8,991)</b>	
<u>Supplemental Information</u>									
Depreciation	\$ 54,983	\$ 54,983			\$ 54,983	\$ 54,983	\$ 54,983	\$ 54,983	
<b>Sewer rates</b>									
First 2,000 gallons	\$ 10.75								
Over 2,000 gallons	\$ 5.40								
Well water flat rate	\$ 10.60								
customers	350								

August 31, 2009

RE: Town of Vonore Permit # 92-111

State of Tennessee  
Comptroller of the Treasury  
Division of Local Finance  
Water and Wastewater Financing Board  
Suite 1700 James K Polk Office Building  
505 Deaderick St. Nashville, TN 37243-0274

To Whom It May Concern:

Enclosed you find a Plan of Action the Town of Vonore will use in regards to the financially distressed condition of the town's sewer utility. Please call with any questions to (423) 884-6211.

Sincerely,

A handwritten signature in cursive script, appearing to read "Fred J. Tallent", followed by a long horizontal flourish.

Fred J. Tallent  
Mayor  
Town Of Vonore



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August 31, 2009

The following is a proposed *plan of action* in regards to the Town of Vonore and State of Tennessee permit # 92-111.

1. We are now in the process of working with the water utility in our town Tellico Area Service System (TASS) for them to take over our billing. This will be advantageous for the town in that it will give us the ability to collect unpaid bills by having the option of shutting their water off until the outstanding bill is paid in full.
2. One of the main problems the town has is I&I problems in the older part of the system (rainwater, water pipe leaks, etc). The town has put in for numerous grants to aid in this problem to no avail. We are working diligently in trying to fix and repair these problems. Once this is done it will lower our waste treatment costs. This alone would save the town approximately \$3000 - \$5000 a month. In 2008 it costs the town \$62,000 in treatment costs over what we billed our utility customers.
3. The Town has contracted with The Environmental Management Group for aid in the operation and maintenance of the Collection System owned by the Town of Vonore.
4. In the Past, the town has increased its rates every 3 years. Starting in October, 2009 we will adjust our rates to off-set our costs, and continue to do so yearly. This year we are looking at an increase of 25% to our current rate structure.
5. Additionally we are in talks with TASS to have them take over the sewer operation of the town full-time. These talks are ongoing and we hope to have this resolved in the near future.
6. We are also looking at a putting a master meter at the entrance to a trailer park that is inside our city limits. This is a major problem with families moving in and out with no forwarding address. Doing this will help us collect all that is due to the Town Of Vonore.
7. We are also planning when we increase our rates to have the commercial business pay at a higher rate.
8. We have been in contact with the Municipal Technical Advisory Service and the utility operations consultant Brent Ward. Mr. Ward has toured our collection system and has given us some ideas on how the town could lower its costs of operations.

The existing Vonore Sewer System consists of approximately 46,250 linear feet of eight inch gravity sewers, six sewage pumping stations and approximately 11,180 linear feet of six inch sewage force main. We feel if given the opportunity we could have this system working at maximum efficiency and reaching our goal of not being financially distressed.

WATER AND WASTEWATER FINANCING BOARD  
Case Study

Case: City of Milan, Gibson County  
Mayor: Chris Crider  
Customers: 8,032 Water and Sewer  
Water Loss: 8.16%

The City of Milan has been experiencing a negative change in net assets for the last two fiscal years according to the information contained in audited financial statements.

The water and sewer system in Milan is debt free. However, the economy has hit and the sales in the system are down thirty million gallons because of plant closures or cut backs.

Rates were increased by 17% effective July 1, 2007 and July 1, 2008.

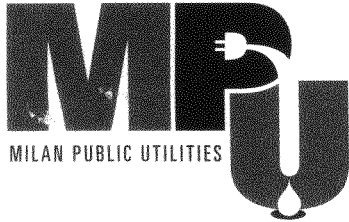
The City has been notified of a \$500,000 CDBG award during the FY 2010 which will once again put the system in compliance with the law.

Attached is a letter from the City detailing the actions that have been or will be taken.

Staff recommends the Board endorse the actions of the City of Milan. The financial condition of the City will be monitored until compliance has been reached.

City of Milan					
HISTORY FILE					
	Audited 2005	Audited 2006	Audited 2007	Audited 2008	
<b>Fiscal Year 6/30</b>					
Water/sewer revenues	\$ 1,490,338	\$ 1,618,880	\$ 1,614,620	\$ 1,869,984	
Other revenues	\$ 200,072	\$ 255,931	\$ 264,132	\$ 282,166	
Grant revenue	\$ 46,077	\$ 332,121	\$ 121,802		
<b>Total Operating Revenues</b>	<b>\$ 1,736,487</b>	<b>\$ 2,206,932</b>	<b>\$ 2,000,554</b>	<b>\$ 2,152,150</b>	
<b>Total Operating Expenses</b>	<b>\$ 2,013,739</b>	<b>\$ 2,180,141</b>	<b>\$ 2,307,610</b>	<b>\$ 2,430,257</b>	
Operating Income	\$ (277,252)	\$ 26,791	\$ (307,056)	\$ (278,107)	
Interest Expense	\$ 25,102	\$ 15,566	\$ -	\$ -	
<b>Change in Net Assets</b>	<b>\$ (302,354)</b>	<b>\$ 11,225</b>	<b>\$ (307,056)</b>	<b>\$ (278,107)</b>	
<u>Supplemental Information</u>					
Principal payment	\$ 215,000	\$ 235,000	\$ -	\$ -	
Depreciation	\$ 614,139	\$ 617,929	\$ 630,356	\$ 647,348	
<b>Water Rates</b>					
First 2,000 gallons	Minimum bill	\$ 6.65	\$ 6.65	\$ 7.78	
2,001 - 5,000 gallons	varies by	\$ 2.29	\$ 2.29	\$ 2.68	
5,001 - 10,000 gallons	meter size	\$ 1.76	\$ 1.76	\$ 2.06	
over 10,000 gallons		\$ 1.58	\$ 1.58	\$ 1.85	
<b>Water Loss</b>				8.16%	
<b>Sewer Rates</b>					
First 2,000 gallons	Minimum bill	\$ 6.65	\$ 6.65	\$ 7.78	
2,001 - 5,000 gallons	varies by	\$ 2.29	\$ 2.29	\$ 2.68	
over 5,000 gallons	meter size	\$ 2.20	\$ 2.20	\$ 2.57	
Customers			8,044	8,032	

City of Milan									
Projections									
				1%	Growth rate Projection	Growth rate Projection	Growth rate Projection	Growth rate Projection	Growth rate Projection
	Audited 2008	Projected 2008			2009	2010	2011	2012	
<b>Fiscal Year 6/30</b>									
Water/sewer revenues	\$ 1,869,984	\$ 1,888,684			\$ 1,907,571	\$ 1,926,647	\$ 1,945,913	\$ 1,965,372	
Other revenues	\$ 282,166	\$ 282,166			\$ 282,166	\$ 282,166	\$ 282,166	\$ 282,166	
Proposed revenue increase				22%	\$ 419,666	\$ 423,862	\$ 428,101	\$ 432,382	
<b>Total Operating Revenues</b>	<b>\$ 2,152,150</b>	<b>\$ 2,170,850</b>			<b>\$ 2,609,402</b>	<b>\$ 2,632,675</b>	<b>\$ 2,656,180</b>	<b>\$ 2,679,920</b>	
<b>Total Operating Expenses</b>	<b>\$ 2,430,257</b>	<b>\$ 2,503,165</b>		3%	<b>\$ 2,578,260</b>	<b>\$ 2,655,608</b>	<b>\$ 2,735,276</b>	<b>\$ 2,817,334</b>	
Operating Income	\$ (278,107)	\$ (332,315)			\$ 31,142	\$ (22,933)	\$ (79,096)	\$ (137,414)	
Interest Expense	\$ -	\$ -			\$ 0	\$ 0	\$ 0	\$ 0	
<b>Change in Net Assets</b>	<b>\$ (278,107)</b>	<b>\$ (332,315)</b>			<b>\$ 31,142</b>	<b>\$ (22,933)</b>	<b>\$ (79,096)</b>	<b>\$ (137,414)</b>	
<u>Supplemental Information</u>									
Principal payment	\$ -								
Depreciation	\$ 647,348	\$ 647,348			\$ 647,348	\$ 647,348	\$ 647,348	\$ 647,348	
<b>Water Rates</b>									
First 2,000 gallons	\$ 7.78								
2,001 - 5,000 gallons	\$ 2.68								
5,001 - 10,000 gallons	\$ 2.06								
over 10,000 gallons	\$ 1.85								
<b>Water Loss</b>	8.16%								
<b>Sewer Rates</b>									
First 2,000 gallons	\$ 7.78								
2,001 - 5,000 gallons	\$ 2.68								
over 5,000 gallons	\$ 2.57								
Customers	8,032								



Post Office Box 109  
1085 S. Second Street  
Milan, Tennessee 38358  
731-686-1537  
Fax 686-0188

August 19, 2009

Ms. Joyce Welborn  
Legislative Auditor  
Comptroller of the Treasury  
State of Tennessee  
Division of Local Finance  
Water & Wastewater Financing Board  
505 Deaderick Street, Suite 1700  
James K. Polk Office Building  
Nashville, TN 37243-0274

RE: Annual Financial Report Milan Public Utilities  
Fiscal Year Ended June 30, 2008

Dear Ms. Welborn:

In June 2007 the City of Milan took on the task of eliminating negative change in net assets for the water/sewer system. The projected budget for year ending June 30, 2008 indicated a negative change in net assets of \$529,636. To eliminate this deficit required a rate increase of 34% based on projected revenue of \$1,569,460.

In a two part increase 17% effective July 1, 2007 and 17% effective July 1, 2008 we hoped to get to a breakeven level or greater at June 30, 2009 knowing that expenses and revenues were a moving target and the second 17% increase would produce additional revenue.

The June 30, 2008 audit noted an increase of \$255,364 in sales revenue where we had projected \$266,808 and of course we recorded a negative change in net assets prior to capital contributions of \$278,107 in comparison to the prior year of \$428,858.

The second year 17% increase for June 30, 2009 unaudited indicates revenues of \$2,016,225 which is an increase of \$146,241 but falls short of the projected \$312,166 additional revenue. This shortfall of \$165,925 reflects a 12.1% (\$76,580) decrease in water sales and a 13.7% (\$104,698) decrease in sewer treatment sales in comparison to the prior year.

This reduction of gallons sold is reflected in our unaudited June 30, 2009 net assets remaining negative at \$152,031.

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Ms. Joyce Welborn  
August 19, 2009  
Page 2

Our 2010 budget includes \$461,830 of grant revenue (CDBG) and net assets are projected to be positive by \$269,620.

Please note we have maintained expense levels, improved our water and sewer system while providing quality water, and remain good environmental stewards.

In conclusion the City of Milan feels we made significant progress to reduce negative assets at June 30, 2009 and will return to positive net assets with contributed capital at June 30, 2010. The City knows additional rate increases will be needed post June 30, 2010 with the intention of having positive net assets by June 30, 2012 and would ask for your concurrence.

Very truly yours,

A handwritten signature in black ink, appearing to read "David Scarbrough". The signature is fluid and cursive, with a large initial "D" and "S".

David Scarbrough  
Superintendent

Enclosure

cc: Mayor/Board of Alderman

## SUMMARY

- 17% water and sewer rate increase July 2007
- 17% water and sewer rate increase July 2008
- Reduced negative change in net assets prior to contributed capital from \$428,858 (June '07) to \$152,031 (June '09)
- Would have met goal of positive net assets if usage levels had remained constant
- Will return to positive net assets in 2010 with contributed capital
- Committed to rate increases in 2010 and 2011 with goal of positive net assets at June 30, 2012

<b>Fiscal Year 6/30</b>	<b>Audited 2008</b>	<b>Un-Audited 2009</b>	<b>Budget 2010</b>
Water/Sewer Revenues	\$ 1,869,984	\$ 2,016,225	\$ 1,957,538
Other Revenues	\$ 282,166	\$ 247,466	\$ 249,949
Grant Revenue		\$ 18,167	\$ 461,830
<b>Total Operating Revenues</b>	<b>\$ 2,152,150</b>	<b>\$ 2,281,858</b>	<b>\$ 2,669,317</b>
<b>Total Operating Expenses</b>	<b>\$ 2,430,257</b>	<b>\$ 2,433,889</b>	<b>\$ 2,399,697</b>
Operating Income	\$ (278,107)	\$ (152,031)	\$ 269,620
Interest Expense	-		
<b>Change in Net Assets</b>	<b>\$ (278,107)</b>	<b>\$ (152,031)</b>	<b>\$ 269,620</b>
Depreciation	\$ 647,348	\$ 644,571	\$ 645,169
<b>Water Rates</b>			
First 2,000 Gallons	\$ 7.78	\$ 9.10	\$ 9.10
2,001 – 5,000 Gallons	\$ 2.68	\$ 3.14	\$ 3.14
5,001 – 10,000 Gallons	\$ 2.06	\$ 2.41	\$ 2.41
Over 10,000 Gallons	\$ 1.85	\$ 2.16	\$ 2.16
<b>Sewer Rates</b>			
First 2,000 Gallons	\$ 7.78	\$ 9.10	\$ 9.10
2,001 – 5,000 Gallons	\$ 2.68	\$ 3.14	\$ 3.14
Over 5,000 Gallons	\$ 2.57	\$ 3.01	\$ 3.01

### Water/Sewer Usage Comparison

<b>Water</b>	<b>June 30, 2008 Gallons Sold</b>	<b>June 30, 2009 Gallons Sold</b>	<b>Difference</b>	<b>Cost per 1000 Gallons</b>	<b>Reduced Revenue</b>
Residential	202,920,900	193,108,400	9,812,500	\$2.16	(\$21,195)
Non-Residential	125,958,300	100,317,200	25,641,100	\$2.16	(\$55,385)
<b>TOTAL</b>	<b>328,879,200</b>	<b>293,425,600</b>	<b>35,453,600</b>		<b>(\$76,580)</b>

<b>Sewer</b>	<b>June 30, 2008 Gallons Sold</b>	<b>June 30, 2009 Gallons Sold</b>	<b>Difference</b>	<b>Cost per 1000 Gallons</b>	<b>Reduced Revenue</b>
Residential	179,228,600	170,670,400	8,558,200	\$3.01	(\$25,760)
Non-Residential	110,079,400	83,854,300	26,225,100	\$3.01	(\$78,938)
<b>TOTAL</b>	<b>289,308,000</b>	<b>254,524,700</b>	<b>34,783,300</b>		<b>(\$104,698)</b>

WATER AND WASTEWATER FINANCING BOARD  
Case Study

Case: Town of Bulls Gap, Hawkins County  
Mayor: Robin Horner  
Customers: 258 sewer

The Town of Bulls Gap has been experiencing a negative change in net assets for the last three fiscal years in its sewer collection system according to the information contained in audited financial statements. A grinder pump system serves the Town with the waste being sent to Mosheim for treatment.

The sewer rates as shown in the June 2008 audit are:

	<u>Inside</u>	<u>Outside</u>
Minimum bill (2,000 gallons)	\$18.00	\$24.00
Over 2,000 gallons	\$ 4.50	\$ 6.50
Well water (flat rate)	\$27.34	\$34.00

Most of the water is provided by Russellville –Whitesburg Utility District, however, Persia Utility District has a small number of customers within the Town limits. All of the Russellville-Whitesburg customers in town have sewer service and none of the Persia customers.

In the past, the Town has had some fairly serious infiltration and inflow (I & I) problems. Mayor Horner believes that the problems have been corrected.

There is an annual transfer made from the General Fund to the Sewer Fund. During FY07 and FY08 that transfer was for \$75,000. The transfer for FY09 is budgeted for \$95,000. The projected loss for FY09 is still estimated at \$20,000. The Mayor hopes to transfer \$120,000 in FY10. Since all of the customers of the sewer system are inside the Town limits and the General Fund has plenty of money, the Town has no plans to raise the rates. They instead choose to supplement the sewer system with General Fund transfers.

It is suggested that the Town review its costs to determine if the amount being transferred was justified or should be increased or decreased. It was also suggested that MTAS be contacted about a rate study. Staff has also suggested that the Town contact the Division of Municipal Audit about including the sewer system as a department of the General Fund.

The town officials should consider paying off a \$50,000 (4.75%) debt with available funds. The current system is approximately 20 years old and about the end of the projected life of a sewer grinder pump. That means that major expenses could be forthcoming in the very near future.

A copy of the Town's plan is attached for your review.

Staff recommends that the Board endorse the actions of the Town of Bulls Gap.



TOWN OF BULLS GAP			
HISTORY FILE			
	Audited	Audited	Audited
Fiscal Year June 30	2006	2007	2008
Sewer revenues	\$ 125,978	\$ 132,096	\$ 120,493
Other revenues	\$ 113	\$ 113	\$ -
General Fund Transfer	\$ 69,872	\$ 75,000	\$ 75,000
<b>Total Operating Revenues</b>	<b>\$ 195,963</b>	<b>\$ 207,209</b>	<b>\$ 195,493</b>
<b>Total Operating Expenses</b>	<b>\$ 202,575</b>	<b>\$ 206,891</b>	<b>\$ 232,145</b>
Operating Income	\$ (6,612)	\$ 318	\$ (36,652)
Interest Expense	\$ 3,229	\$ 2,998	\$ 2,756
<b>Change in Net Assets</b>	<b>\$ (9,841)</b>	<b>\$ (2,680)</b>	<b>\$ (39,408)</b>
<u>Supplemental Information</u>			
Principal payment	\$ 4,743	\$ 4,972	\$ 5,213
Depreciation	\$ 66,082	\$ 68,937	\$ 70,244
<b><u>Sewer Rates</u></b>			
<i>Inside rates</i>			
0 - 2,000 gallons	\$ 18.00	\$ 18.00	\$ 18.00
Over 2,000 gallons	\$ 4.50	\$ 4.50	\$ 4.50
Well water	\$ 27.34	\$ 27.34	\$ 27.34
<i>Outside Rates</i>			
0 - 2,000 gallons	\$ 24.00	\$ 24.00	\$ 24.00
Over 2,000 gallons	\$ 6.50	\$ 6.50	\$ 6.50
Well water	\$ 34.00	\$ 34.00	\$ 34.00
Other utility districts per 1000 gallons	\$ 8.00	\$ 8.00	\$ 8.00
<b><u>Sewer Tap Fees</u></b>			
Grinder pump	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
Small gravity line	\$ 800.00	\$ 800.00	\$ 800.00
Large gravity line	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
Customers	258	258	258

Town of Bulls Gap							
Projections							
	Audited 2008	Projected 2009	0%	Growth rate Projection 2010	Growth rate Projection 2011	Growth rate Projection 2012	Growth rate Projection 2013
Fiscal Year June 30							
Sewer revenues	\$ 120,493	\$ 120,493		\$ 120,493	\$ 120,493	\$ 120,493	\$ 120,493
Other revenues	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
General Fund Transfer	\$ 75,000	\$ 75,000		\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
			45%	\$ 54,222	\$ 54,222	\$ 54,222	\$ 54,222
Total Operating Revenues	\$ 195,493	\$ 195,493		\$ 249,715	\$ 249,715	\$ 249,715	\$ 249,715
Total Operating Expenses	\$ 232,145	\$ 239,109	3%	\$ 246,282	\$ 253,671	\$ 261,281	\$ 269,119
Operating Income	\$ (36,652)	\$ (43,616)		\$ 3,433	\$ (3,956)	\$ (11,566)	\$ (19,404)
Interest Expense	\$ 2,756	\$ 2,513		\$ 2,248	\$ 1,970	\$ 1,678	\$ 1,372
Change in Net Assets	\$ (39,408)	\$ (46,129)		\$ 1,185	\$ (5,926)	\$ (13,244)	\$ (20,776)
Supplemental Information							
Principal payment	\$ 5,213	\$ 5,467		\$ 5,732	\$ 6,010	\$ 6,302	\$ 6,608
Depreciation	\$ 70,244	\$ 70,244		\$ 70,244	\$ 70,244	\$ 70,244	\$ 70,244
Sewer Rates							
Inside rates							
0 - 2,000 gallons	\$ 18.00						
Over 2,000 gallons	\$ 4.50						
Well water	\$ 27.34						
Outside Rates							
0 - 2,000 gallons	\$ 24.00						
Over 2,000 gallons	\$ 6.50						
Well water	\$ 34.00						
Other utility districts per 1000	\$ 8.00						
Sewer Tap Fees							
Grinder pump	\$ 3,000.00						
Small gravity line	\$ 800.00						
Large gravity line	\$ 1,500.00						
Customers	258						

# Town of Bulls Gap

P. O. Box 10, 139 South Main  
Bulls Gap, Tennessee 37711  
Phone (423) 235-5216

STATE OF TENNESSEE  
DIVISION OF LOCAL FINANCE  
WATER AND WASTEWATER FINANCING BOARD  
ATTENTION JOYCE WELBORN, BOARD COORDINATOR  
SUITE 1700 JAMES K. POLK STATE OFFICE BUILDING  
505 DEADERICK STREET,  
NASHVILLE, TENNESSEE 37243-0274

Dear Joyce Welborn:

The Town of Bulls Gap, Tennessee has been reported to the Water and Wastewater Financing Board as being financially distressed based on a negative change in net assets for two consecutive years in its sewer system.

The Water and Wastewater Financing Board has scheduled a meeting on September 10, 2009 at 10:00 am in Room 31 of the Legislative Plaza. I will not be attending but have detailed our plan below to address the financially condition of our sewer system at that time.

- (1) During fiscal year ending June 30, 2009 we moved all payroll costs and benefits of sewer fund to General Fund which amounted to around \$ 80,035.00 during 2008 fiscal year. We amended budget in June 2009 to increase funding from General fund to Sewer fund in amount of \$ 20,000.00. This is increase of \$25,035.00 in funding in 2009 over 2008 fiscal year.
- (2) The original budget for fiscal year ending June 30, 2010 included transfer of 25,000 and all payroll and benefits are paid out of General Fund. The budget has been amended to fund additional \$ 15,000 to fund study of capacity of sewer system. We will amend budget to fund additional \$ 30,000 transfer from General Fund to Sewer fund. This is increase of \$ 80,000 over 2008 fiscal year. We have also applied for grant to upgrade sewer system from pumps to gravity flow system.
- (3) The budget for 2011 and 2012 will need to be increased from \$ 55,000 in transfers to \$ 60,000 and \$ 65,000 respectively while we are working to change system to gravity flow. The payroll and benefits will continue to be paid by General fund.
- (4) The General Fund Undesignated Fund Balance on June 30, 2008 \$ 326,344 or 118 percent of General Fund expenditures. We expect to maintain the General Fund Fund Balance at around \$ 300,000 in next few years.

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LOCAL FINANCE

- (5) In summary approximate funding (2008) \$ 75,000, (2009) to \$ 100,035, (2010) to \$ 150,035 which included one time money of \$ 15,000, (2011) \$ 140,035, (2012) to \$ 145,035.
- (6) At present time the Board of Alderman have elected to fund increased cost out of General fund instead of increasing sewer rates.

A handwritten signature in cursive script that reads "Robin Horner".

Robin Horner, Mayor  
August 18, 2009

WATER AND WASTEWATER FINANCING BOARD  
Case Study

Case: Town of Gibson, Gibson County  
Mayor: Eddie Ellis  
Customers: 200 water and sewer

The Town of Gibson has been reported as having a negative change in net assets for at least five consecutive years according to the information contained in audited financial statements. Previously, the Town was exempt from the jurisdiction of the Board under the debt to equity exemption. That exemption was eliminated by Public Chapter 72 of 2009.

The last audit on file with the Division of Municipal Audit was for the year ended June 30, 2007. The rates as shown in the FY 2007 audit are:

First 3,000 gallons	\$13.50 minimum bill
Over 3,000 gallons	\$ 2.50 per thousand gallons
Water loss	18.052%

Water and sewer rates are equal.

The Town has a maintenance fee for the water and sewer system which was recently increased from \$6.00 per month to \$20.00 per month. The fee is supposed to be for the payment of debt. The Town has not submitted a budget to the Division of Local Finance since fiscal year 2004. Staff has received some complaints about the fee increase from customers.

Staff projects a revenue increase of 40% (\$34,830) will be needed. The increase of maintenance fee is projected to generate approximately \$33,600 in revenue. Staff also suggested that the Town contact MTAS for assistance with a rate review. It is extremely hard to make projections with an older audit, so staff recommends that the Board endorse the actions of the Town and strongly urge them to obtain an independent evaluation of their rate structure.

The new mayor, Eddie Ellis, was elected in November 2008 after the previous mayor served for twenty plus years. He is learning new things every day and making some hard decisions.

Town of Gibson			
HISTORY FILE			
	Audited	Audited	Audited
Fiscal Year 6/30	2005	2006	2007
Water/sewer revenues	\$ 83,441	\$ 84,202	\$ 87,075
Other revenues	\$ 162	\$ 11	\$ 9
<b>Total Operating Revenues</b>	<b>\$ 83,603</b>	<b>\$ 84,213</b>	<b>\$ 87,084</b>
<b>Total Operating Expenses</b>	<b>\$ 100,943</b>	<b>\$ 95,539</b>	<b>\$ 111,714</b>
Operating Income	\$ (17,340)	\$ (11,326)	\$ (24,630)
Interest Expense	\$ 2,673	\$ 2,334	\$ 606
<b>Change in Net Assets</b>	<b>\$ (20,013)</b>	<b>\$ (13,660)</b>	<b>\$ (25,236)</b>
<u>Supplemental Information</u>			
Principal payment	\$ 9,260	\$ 9,390	\$ 8,845
Depreciation	\$ 26,579	\$ 26,658	\$ 26,765
<b><u>Water Rates</u></b>			
First 3,000 gallons	\$ 13.50	\$ 13.50	\$ 13.50
Over 3,000 gallons	\$ 2.50	\$ 2.50	\$ 2.50
<b><u>Water Loss</u></b>			18.052%
<b><u>Sewer Rates</u></b>			
First 3,000 gallons	\$ 13.50	\$ 13.50	\$ 13.50
Over 3,000 gallons	\$ 2.50	\$ 2.50	\$ 2.50
Customers			200

Town of Gibson									
Projections									
				0%	Growth rate Projection 2009	Growth rate Projection 2010	Growth rate Projection 2011	Growth rate Projection 2012	
<b>Fiscal Year 6/30</b>	<b>Audited 2007</b>	<b>Projected 2008</b>							
Water/sewer revenues	\$ 87,075	\$ 87,075			\$ 87,075	\$ 87,075	\$ 87,075	\$ 87,075	
Other revenues	\$ 9	\$ 10			\$ 10	\$ 10	\$ 10	\$ 10	
				<b>40%</b>	\$ 34,830	\$ 34,830	\$ 34,830	\$ 34,830	
<b>Total Operating Revenues</b>	<b>\$ 87,084</b>	<b>\$ 87,085</b>			<b>\$ 121,915</b>	<b>\$ 121,915</b>	<b>\$ 121,915</b>	<b>\$ 121,915</b>	
<b>Total Operating Expenses</b>	<b>\$ 111,714</b>	<b>\$ 115,065</b>		3%	<b>\$ 118,517</b>	<b>\$ 122,072</b>	<b>\$ 125,735</b>	<b>\$ 129,507</b>	
Operating Income	\$ (24,630)	\$ (27,980)			\$ 3,398	\$ (157)	\$ (3,820)	\$ (7,592)	
Interest Expense	\$ 606	\$ 1,482			\$ 1,249	\$ 719	\$ 657	\$ 510	
<b>Change in Net Assets</b>	<b>\$ (25,236)</b>	<b>\$ (29,462)</b>			<b>\$ 2,149</b>	<b>\$ (876)</b>	<b>\$ (4,477)</b>	<b>\$ (8,102)</b>	
<u>Supplemental Information</u>									
Principal payment	\$ 8,845	\$ 9,173			\$ 5,696	\$ 2,977	\$ 2,112	\$ 2,258	
Depreciation	\$ 26,765	\$ 26,765			\$ 26,765	\$ 26,765	\$ 26,765	\$ 26,765	
<b>Water Rates</b>									
First 3,000 gallons	\$ 13.50								
Over 3,000 gallons	\$ 2.50								
<b>Water Loss</b>	18.052%								
<b>Sewer Rates</b>									
First 3,000 gallons	\$ 13.50								
Over 3,000 gallons	\$ 2.50								
Customers	200								

TOWN OF GIBSON		GENERAL FUND	
PROPOSED BUDGET FOR 2009-2010			
<b>REVENUE</b>			
<b>LOCAL TAXES</b>			
31100	PROPERTY TAXES		30,000.00
31300	PENALTY & INTEREST		300.00
31500	AD VALOREM TAX		5000.00
31600	LOCAL SALES TAX		20000.00
31710	WHOLESALE BEER TAX		9500.00
31800	BUSINESS TAX		1000.00
	<b>TOTAL LOCAL TAXES</b>		<b>65,800.00</b>
<b>INTERGOVERNMENTAL REVENUE</b>			
33596	CABLE FRANCHISE FEES		2100.00
33320	TVA PAYMENT		2500.00
33510	STATE SALES TAX		29000.00
33520	STATE INCOME TAX		700.00
33530	STATE BEER TAX		200.00
33540	TELECOMMUNICATIONS		-0-
33552	CITY STREETS & TRANSPORTATION		900.00
33593	COPRORATE EXCISE TAX		100.00
33594	TN POLICE OFFICER SUPPORT		-0-
33597	CITY STICKERS		5000.00
	<b>TOTAL INTERGOVERNMENTAL REVENUE</b>		<b>40,500.00</b>
<b>CHARGES FOR SERVICES</b>			
34123	FEES & COMMISSIONS		600.00
34320	FIRE SERVICE SUBSCRIPTION		100.00
	<b>TOTAL CHARGES FOR SERVICES</b>		<b>700.00</b>
35110	FINES		106,000.00
<b>OTHER REVENUE</b>			
36300	SALE OF EQUIPMENT		
36990	MISCELLANEOUS		500.00
36992	GYM DONATIONS & USE		100.00
37910	INTEREST INCOME		
<b>SALE OF REAL ESTATE</b>			
	<b>TOTAL OTHER REVENUE</b>		<b>600.00</b>
	<b>TOTAL REVENUE</b>		<b>213,600.00</b>
<b>TOWN OF GIBSON—GENERAL FUND</b>			



PROPOSED BUDGET FOR 2009-2010			
OPERATING EXPENDITURES			
GENERAL GOVERNMENT			
41111	SALARY MAYOR		2400.00
41119	SALARIES		40,300.00
41120	SALARY JUDGE		1100.00
41161	BOARD PER DIEM ALLOWANCE		250.00
41210	HOSPITALIZATION INSURANCE		4500.00
41211	POSTAGE & BOX RENT		550.00
41231	LEGAL NOTICE		
41239	DUES		500.00
41240	UTILITIES & TELEPHONE		15000.00
41250	PROFESSIONAL FEES		3600.00
41260	REPAIRS & MAINTENANCE		500.00
41299	MISCELLANEOUS		3800.00
41310	OFFICE SUPPLIES		750.00
41320	OPERATING SUPPLIES		1000.00
41325	CITY STICKERS		275.00
41510	INSURANCE		25000.00
41530	ACCOUNTING		3000.00
41540	INDEPENDENT ADUIT		2600.00
41620	INTEREST EXPENSE		
41630	PENALTIES		
41900	CAPITAL OUTLAY		
41990	PAYROLL TAXES		7000.00
41331	GAS & OIL		
TOTAL GENERAL GOVERNMENT			112,125.00
POLICE EXPENDITURES			
42111	SALARY POLICE		69,160.00
42210	HOSPITALIZATION INSURANCE		4,000.00
42216	COMMUNICATION CENTER		2500.00
42239	DUES		500.00
42260	REPAIRS & MAINTENANCE		3000.00
42280	TRAVEL		-0-
42298	STATE COST TRAFFIC		4000.00
42299	MISCELLANEOUSE		1000.00
42320	OPERATING SUPPLIES		1000.00
42331	GAS & OIL		6000.00
42900	CAPITAL OUTLAY		500.00
42980	SALAY SUPPLEMENT		-0-
42990	PAYROLL TAXES		2500.00
42998	DEBT SERVICE		
42300	UNIFORMS		600.00
42270	TRAINING		1000.00
42240	EQUIPMENT		1000.00
TOTAL POLICE EXPENDITURES			96,760.00
TOWN OF GIBSON - GENERAL FUND			
PROPOSED BUDGET FOR 2009-2010			

FIRE EXPENDITURES							
	DEBT SVC (TRUCK)					1239.07	
43111	VOLUNTEER FIREMAN					1000.00	
43260	REPAIRS & MAINTENANCE					500.00	
43299	MISCELLANEOUS					350.00	
43320	OPERATING SUPPLIES					300.00	
43331	GAS & OIL					200.00	
43900	CAPITAL OUTLAY						
43620	INTEREST EXPENSE						
	TOTAL FIRE EXPENDITURES					3589.07	
HIGHWAYS & STREETS							
44100	SALARY-- HIGHWAYS & STREETS						
44210	HOSPITALIZATION INSURANCE						
44260	REPAIRS & MAINTENANCE					500.00	
44299	MISCELLANEOUS						
44620	INTEREST EXPENSE						
44331	GAS & OIL						
44990	PAYROLL TAXES						
44991	NEW SIGNS					150.00	
44996	DEBT SERVICE						
	TOTAL HIGHWAYS & STREETS					650.00	
TOTAL EXPENDITURES						213,124.00	
	EXCESS OF REVENUE OVER (UNDER)					476.00	
	EXPENDITURES						
TOWN OF GIBSON--DRUG FUND							
PROPOSED BUDGET FOR 2009-2010							
REVENUE							
35140	DRUG FUND REVENUE					1000.00	
37910	INTEREST INCOME						
SET ASIDE FINGER PRINTING							
OPERATING EXPENSES							
62261	BANK CHARGES						
62320	OPERATING SUPPLIES					1000.00	
62700	EDUCATION						
62800	DRUG ENFORCEMENT						
62900	CAPITAL OUTLAY						
	TOTAL EXPENDITURES						
TOWN OF GIBSON--WATER SEWER FUND							
PROPOSED BUDGET FOR 2009-2010							

37111 WATER REVENUE				56,000.00	
37112 SEWER REVENUE				52,000.00	
37120 WATER RIGHTS				150.00	
37191 PENALTIES				1800.00	
39199 MISCELLANEOUS				800.00	
37296 TAP FEES					
37310 CONTRIBUTED CAPITAL MAINT FEE				18,500.00	
37910 INTEREST INCOME					
LOAN \$120,000.00 CREDIT LINE				30,000.00	
TOTAL REVENUE				159,250.00	
OPERATING EXPENSES					
TLDA				2600.00	
52111 SALARY - WATER & SEWER				48950.00	
52210 HOSPITAL/DENTAL INSURANCE				12,000.00	
52211 POSTAGE				1,000.00	
52239 DUES				1,000.00	
52240 UTILITIES				8,000.00	
52250 LAB TEST				5000.00	
52260 REPAIRS & MAINTENANCE				6000.00	
52299 MISCELLANEOUS				2500.00	
52310 OFFICE SUPPLIES				500.00	
52331 GAS & OIL				3500.00	
52338 CHEMICALS				10,000.00	
52530 ACCOUNTING				2600.00	
52535 INDEPENDENT AUDIT				2600.00	
52540 DEPRECIATION				27,000.00	
52620 INTEREST				2500.00	
52990 PAYROLL TAXES				3000.00	
52995 BAD DEBT EXPENSE					
52510 INSURANCE					
52610 PENALTIES					
TOTAL EXPENDITURES					
PAYMENT ON LOAN	1728.00@12MO			20,736.00	
GRAND TOTAL				158,886.00	
REVENUE OVER EXPENDITURES				364.00	
TOWN OF GIBSON GARBAGE COLLECTION					
REVENUE				30,000.00	
GARBAGE REVENUE					
OPERATIONG EXPENSES					
GARBAGE EXPENSE				30000.00	
TOWN OF GIBSON--STATE STREET AID					
PROPOSED BUDGET FOR 2009-2010					
REVENUE					

[illegible]

WATER AND WASTEWATER FINANCING BOARD  
Case Study

Case: City of Millington, Shelby County  
Mayor: Richard Hodges  
Customers: 2,419 Residential and 485 Commercial Water  
Water Loss: 11.425%

The City of Millington has been experiencing a negative change in net assets for the last four fiscal years according to the information contained in audited financial statements.

Millington is the home to the Memphis Naval Air Station (NAS), the largest inland naval base in the world. Its existence dates back to World War I when the U.S. Army created Park Field as a training ground for air and ground crews. The navy's presence began in 1942 when the Park Field site and adjacent areas became first a Naval Reserve Air Base, then a Naval Air Station and finally, in 1949, Naval Air State Memphis. There are currently about 7,000 personnel associated with the NAS. The NAS has its own sewer system, but purchases water from the City.

Because of the large military presence, the City has had some drastic changes in the last several years. The type of operation of the NAS has changed and, therefore, the type of personnel, jobs and income. Only about 50% of the capacity of the two water plants are being used. (Sewer capacity is about 45%). The rate study prepared by MTAS addresses both water and sewer rates and the City has adjusted the rates accordingly.

Because of the large input of federal funds into the Millington system to provide for the NAS, the sewer system falls previously fell under an exemption in TCA 68-221-1010 (a)(1).

In July 2008, the Board endorsed the actions of the City which included rate increases in both water and sewer in 2008, 2009 and 2010.

Since that time, the City has elected a new mayor and hired a new finance director. They reviewed internal records, made some changes and are requesting relief from the required increases.

City officials will be at the Board meeting to explain the attached proposal and answer any questions of the Board.

CITY OF MILLINGTON					
HISTORY FILE					
	Audited 2004	Audited 2005	Audited 2006	Audited 2007	Audited 2008
<b>June 30</b>					
Water revenues	\$ 524,594	\$ 514,891	\$ 539,247	\$ 778,716	\$ 747,831
Other revenues	\$ 233,435	\$ 142,916	\$ 103,898	\$ 74,327	\$ 49,180
Capital contributions					33830
<b>Total Revenues</b>	<b>\$ 758,029</b>	<b>\$ 657,807</b>	<b>\$ 643,145</b>	<b>\$ 853,043</b>	<b>\$ 830,841</b>
<b>Total Operating Expenses</b>	<b>\$ 714,237</b>	<b>\$ 957,504</b>	<b>\$ 938,734</b>	<b>\$ 1,021,144</b>	<b>\$ 1,062,025</b>
Operating Income	\$ 43,792	\$ (299,697)	\$ (295,589)	\$ (168,101)	\$ (231,184)
Interest Expense	\$ -	\$ 47,517	\$ 49,792	\$ 54,955	\$ 40,964
<b>Change in net assets</b>	<b>\$ 43,792</b>	<b>\$ (347,214)</b>	<b>\$ (345,381)</b>	<b>\$ (223,056)</b>	<b>\$ (272,148)</b>
<u>Supplemental Information</u>					
Depreciation	\$ 150,508	\$ 256,667	\$ 252,184	\$ 300,379	\$ 312,965
<b>Water Rates</b>					
First 2,000 gallons					
Over 2,000 gallons			\$ 6.00	\$ 6.00	\$ 6.00
First 3,000 gallons	\$ 5.00	\$ 5.00	\$ 2.00	\$ 2.00	\$ 2.00
3,001 - 10,000 gallons	\$ 1.30	\$ 1.30			
10,001 - 25,000 gallons	\$ 1.35	\$ 1.35			
25,001 - 50,000 gallons	\$ 1.40	\$ 1.40			
over 50,000 gallons	\$ 1.45	\$ 1.45			
customers	2,943	2,943			
<b>Water Loss</b>					<b>11.425%</b>



BUDGET PROPOSAL  
TO ALEVIATE DISTRESSED  
**WATER & WASTEWATER FUNDS**

Prepared by:  
Bruce Rasmussen  
Finance Director  
City of Millington  
June 5, 2009



## BACKGROUND

- July 10, 2008 - WWFB approved Millington Plan to eliminate Distressed Condition
- 2008-2009 – Economy Stressed
- Jan 1, 2009 – Mayor Hodges assumes office. New Finance Director appointed.

In July 2008, Mayor Jones met with the WWFB to propose a plan to eliminate the current distressed condition for the Millington Water & Wastewater Funds. The WWFB approved the plan during the Board meeting on July 10, 2008.

Since the approval of the plan, several major events have occurred.

(1) The economy of the Nation has taken a major dive impacting everyone.

(2) Millington held an election in Sep 08. Mayor Richard Hodges defeated Mayor Jones and assumed office on Jan 1, 09.

(3) Mayor Hodges appointed Bruce Rasmussen as the new Finance Director for the city.





## APPROVED PLAN

### Water Rate Increase

%

AMT

2006	2008	2009	2010	2010 Proposed
	25%	20%	5%	10.4%
6.00	7.50	9.00	9.45	8.50
2.00	2.50	3.00	3.15	2.75

### Sewer Rate Increase

%

AMT

	10%	10%	5%	(10%)
6.00	6.60	7.26	7.62	6.10
2.00	2.20	2.42	2.54	1.95

This is a chart of the approved plan by the WWFB in July 2008.

Our proposed changed is highlighted in tan.

In Nov 08 the rates were increased 25% for Water & 10% for Sewer. The rates for 2008 are the current rates. The rates proposed rates for 2010 will go into affect in Aug 09.

The first row in the amount is for the first 2000 gallons.

The second row in the amount is for each addition 1000 gallons.



## Water Fund

# OPERATING REVENUE

	2007	2008	2009 Projected	2010 Proposed
Metered Sales	778,716	747,831	811,443	990,583
Total Sales	820,069	787,761	863,205	1,047,083
Total Exp	1,021,144	1,062,025	1,033,607	1,046,995

## Sewer Fund

	2007	2008	2009 Projected	2010 Proposed
Metered Sales	1,092,680	1,158,764	1,136,756	1,278,200
Total Sales	1,111,604	1,177,001	1,168,467	1,321,348
Total Exp	1,279,944	1,326,574	1,473,558	1,321,348



## CHANGES IN STRATEGY

- Charging General Fund for water & sewer srvc
- Use of grants & loans for Capital Improvements
- Accounting for Salvage Value of Capital Assets
- Increasing rates of non-city residence
- Plan for phased replacement of Capital Assets

The Water and Sewer Plants have been providing services to all City government building and parks at no expense. New meters have been placed to monitor usage for appropriate billings.

As the Water & Sewer Plant age, large Capital Assets need repairs or replacement. Currently applying for grants to affect repairs or replacement.

Assets are currently being depreciated with no accounting for salvage value.

County and Navy Base users have been paying a lower fee for Sewer Services (\$1.25) per 1000 gallons. This rate has been increased to match the rate of City residence (\$1.95). The change in revenue is approximately \$200,000.

Develop a plan for the phased replacement and preventive maintenance of Capital Assets to prevent years of extraordinary expenses.

TOWN OF PETERSBURG, TENNESSEE  
WATERWORKS FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
Year Ended June 30, 2008

**OPERATING REVENUES**

Water sales, net of provision for uncollectible accounts of \$399	\$ 171,624
Penalties	2,010
Installation fees and other	<u>4,880</u>
Total Operating Revenues	<u>178,514</u>

**OPERATING EXPENSES**

Wages and payroll taxes	25,056
Purchased water	61,813
Professional fees	11,258
Water system management - testing and billing	1,943
Utilities	6,208
Repairs and maintenance	2,533
Supplies	1,781
Depreciation	28,967
Office expense	3,173
Vehicle expenses	2,656
Insurance	7,436
Other	<u>2,062</u>
Total Operating Expenses	<u>154,886</u>
Income From Operations	23,628

**OTHER INCOME AND (EXPENSE)**

Interest income	4,980
Interest expense	<u>(9,685)</u>
Other Income and (Expense) - net	<u>(4,705)</u>
Income Before Contributions	18,923
Capital contributions from grantors	<u>3,500</u>
Change in Net Assets	22,423
Total Net Assets, at beginning of year	<u>515,737</u>
Total Net Assets, at end of year	<u>\$ 538,160</u>

The accompanying notes are an integral part of these financial statements.

CITY OF KENTON, TENNESSEE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
WATER AND SEWER FUND  
For the Fiscal Year Ended June 30, 2008

	Water and Sewer
<u>Operating Revenues</u>	
Water and sewer services	\$ 295,071
Late payment penalties	6,605
Water and sewer services bad debts	(4,254)
Miscellaneous revenue	15,476
Total Water and Sewer Operating Revenues	<u>312,898</u>
<u>Operating Expenses</u>	
Salaries	50,304
Payroll taxes	3,775
Advertising	219
Utilities	19,790
Telephone	1,791
Professional services	1,394
Office supplies and postage	2,269
Supplies	22,122
Repair and maintenance	12,414
Purification testing and supplies	35,831
Depreciation	83,153
Insurance	10,000
Miscellaneous	1,466
Total Operating Expenses	<u>244,528</u>
Total Operating Income (Loss)	<u>68,370</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest revenue	15,837
Interest expense	(37,774)
Total Non-Operating Revenues (Expenses)	<u>(21,937)</u>
Change in Net Assets	46,433
Total Net Assets - July 1, 2007	<u>1,402,175</u>
Total Net Assets - June 30, 2008	<u>\$ 1,448,608</u>

See accompanying notes and accountant's report.

City of Morristown, Tennessee  
Statement of Revenue, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
Year Ended June 30, 2008

	Business-type Activities Enterprise Funds				
	Sewer System	Storm Water System	Power System	Water System	Telecom System
					Total
<b>Operating Revenues:</b>					
Metered sales	\$ 6,091,832	\$ 89,383	\$ 62,213,981	\$ 5,508,181	\$ 73,903,377
Broadband sales	-	-	-	-	4,424,700
Other operating revenues	1,236,224	-	1,137,428	64,813	2,517,437
Total operating revenues	7,328,056	89,383	63,351,409	5,572,994	80,845,514
<b>Operating expenses:</b>					
Power purchased	-	-	52,593,697	-	52,593,697
Operations	3,994,826	-	4,291,530	2,872,271	15,052,213
Maintenance	144,469	60,906	1,596,362	567,957	2,567,290
Depreciation and amortization	1,821,950	-	2,309,990	1,219,756	6,840,634
Taxes	-	20,520	204,529	-	297,669
Miscellaneous	-	354,590	21,632	40,361	430,758
Total operating expenses	5,961,245	436,016	61,017,740	4,700,345	77,782,261
Operating income (loss)	1,366,811	(346,633)	2,333,669	872,649	3,063,253
<b>Other income (expense):</b>					
Investment income	3,092	-	243,825	111,168	387,820
Interest expense	(799,343)	-	(87,536)	(355,684)	(2,483,194)
Net other income (expense)	(796,251)	-	156,289	(244,516)	(2,095,374)
Income (loss) before contributions and transfers	570,560	(346,633)	2,489,958	628,133	967,879
Contributions from developers	-	-	-	-	-
Capital contributions - tap fees	1,255,758	-	-	55,500	55,500
Transfers out (tax equivalent payments to City of Morristown)	183,082	-	-	-	-
Net income (loss)	2,009,400	(346,633)	(698,994)	(32,020)	(731,014)
Change in net assets	2,009,400	(346,633)	1,790,964	651,613	292,365
Net assets- (deficit) at beginning of year	16,829,367	-	41,332,834	24,456,194	80,100,983
Net assets - ending	\$ 18,838,767	\$ (346,633)	\$ 43,123,798	\$ 25,107,807	\$ 80,393,348

JURISDICTION LIST OF THE WATER AND WASTEWATER FINANCING BOARD 8/13/09				
SYSTEM	COUNTY	LAST AUDIT	LAST BD APPEARANCE	
City of Bells	Crockett	2008	Nov-08	
City of Bolivar	Hardeman	2008	Nov-08	
Town of Bulls Gap	Greene	2008	Sep-09	
Copper Basin Utility District	Polk	2008	Sep-09	
Town of Decaturville	Decatur	2008	Nov-09	
Duck River Utilities Commission	Coffee	2008	Jan-08	
City of Friendship	Crockett	2008	Jan-08	
Town of Gibson	Gibson	2007	Sep-09	
City of Milan	Gibson	2008	Sep-09	
City of Millington	Shelby	2008	Jul-08	
Town of Toone	Hardeman	2006	Nov-09	
Town of Vonore	Blount/Monroe	2008	Sep-09	
City of Whitwell	Marion	2007	Sep-07	

**STATE OF TENNESSEE**

**PUBLIC CHAPTER NO. 72**

**SENATE BILL NO. 2049**

**By McNally, Henry, Burchett**

Substituted for: House Bill No. 1979

By Fitzhugh

AN ACT to amend Tennessee Code Annotated, Section 7-82-703; Section 7-82-401 and Section 68-221-1010, relative to utility districts, water systems and wastewater facilities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-82-401(g)(1), is amended by deleting language "has a negative change in net assets for three (3) consecutive years." in the second sentence and by substituting the following language:

has a negative change in net assets for two (2) consecutive years.

SECTION 2. Tennessee Code Annotated, Section 7-82-703(a), is amended by deleting the language "a negative change in net assets for a period of three (3) years," and by substituting the following language:

a negative change in net assets for a period of two (2) years,

SECTION 3. Tennessee Code Annotated, Section 68-221-1010(a), is amended by deleting the existing language and substituting instead the following:

Within sixty (60) days from the time that an audit of a water system or wastewater facility is filed with the comptroller of the treasury, the comptroller of the treasury shall file with the board the audit report of any water system or wastewater facility which has a deficit total net assets in any one (1) year, has a negative change in net assets for two (2) consecutive years, or is currently in default on any of its debt instruments.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.

**PASSED: April 6, 2009**





STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF MUNICIPAL AUDIT

Justin P. Wilson  
Comptroller of the Treasury

BANK OF AMERICA PLAZA  
414 UNION STREET, SUITE 1100  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 532-4460  
FAX (615) 532-4499

Dennis F. Dycus, CPA, CFE, Director  
Division of Municipal Audit

March 9, 2009

**MEMORANDUM**

**TO:** Utility Management Review Board  
Suite 1700, 505 Deaderick Street  
Nashville TN 37243-1402

Water and Wastewater Financing Board  
Suite 1700, 505 Deaderick Street  
Nashville TN 37243-1402

**FROM:** Dennis F. Dycus, CPA, CFE, Director  
Division of Municipal Audit

**SUBJECT:** Schedules of Unaccounted for Water – Courtesy Filings

Sections 7-82-401 and 68-221-1010 of *Tennessee Code Annotated* provide that the Comptroller of the Treasury shall file with the respective boards the audit reports of those water systems whose unaccounted for water loss is excessive as established by the rules promulgated by the boards.

Until such a time as an excessive water loss rate is established, our office will file copies of all water loss schedules included in the annual financial reports of water systems. This will be done as a courtesy while the boards are in the process of setting an excessive water loss rate. For those systems that do not include a water loss schedule in their audit report, as a courtesy we will notify the boards of the omission.

If I may be of any further assistance during this transitional period for both boards, please contact me.

**Department of Finance and Administration**  
**Standard Reimbursement Rates**  
**October 1, 2008**  
**(Mileage Revised Effective July 1, 2009)**

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**General Reimbursement Rates**

Standard Mileage Rate Effective July 1, 2009	\$	0.51/ mile
Standard Mileage Rate Effective 10/1/08 – 6/30/09	\$	0.54/mile
Maximum Parking Fee Without Receipt		8.00/day
Fees for Handling Equipment/Promotional Materials		20.00/hotel

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**Out-of-State Reimbursement Rates**

Employees should utilize the U.S. General Services Administration CONUS (Continental United States) rates provided by the federal government. To view the CONUS rates, access the Department of Finance and Administration web page @ <http://www.state.tn.us/finance/> Click on Division of Accounts; then scroll to Policy Development where there is a direct link to the GSA CONUS rates. There is also a link on the Finance and Administration Intranet Travel Page Site at:  
[http://www.intranet.state.tn.us/finance/News\\_Event/index/html](http://www.intranet.state.tn.us/finance/News_Event/index/html).

Use the CONUS standard rates for all locations within the continental United States not specifically shown on the CONUS web page as a listed point. Both in-state and out-of-state meals and incidentals are reimbursed at 75% for day of departure and/or day of return.

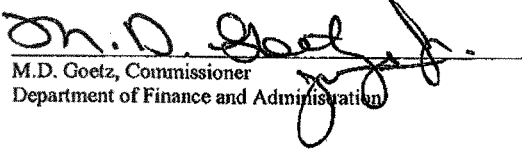
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**In-State Travel Reimbursement Rates**

In-state lodging and meal rates follow the CONUS rates for Tennessee. The standard in-state lodging rate of \$70.00 and \$39.00 for meals and incidentals should be used for all in-state locations not listed below.

Counties	Maximum Lodging	Maximum Meals & Incidentals	75% of Meals & Incidentals
Davidson (Nashville)	117	54	40.50
Shelby (Memphis)	99	49	36.75
Williamson (Brentwood/Franklin)	101	49	36.75
Hamilton (Chattanooga)	87	44	33.00
Knox (Knoxville)	83	49	36.75
Anderson (Oak Ridge)	86	39	29.25

*In accordance with the provisions of TCA 4-3-1-8 (3) and the Comprehensive Travel Regulations, the above travel rates supersede and rescind all previous promulgated travel rates. These rates are effective October 1, 2008 and shall remain in effect until subsequently modified or withdrawn.*

  
M.D. Goetz, Commissioner  
Department of Finance and Administration

6-2-09  
Date

<b>Water and Wastewater Financing Board</b>				
Members: 7 appointed by the Governor and 2 Ex-officio (Comptroller/designee & Commissioner/Environment & Conservation/designee)				
Terms: 3 years				
Meeting frequency: meets bimonthly or as necessary				
<b>MEMBERS &amp; ADDRESSES</b>	<b>PHONE</b>	<b>E-MAIL</b>	<b>REPRESENTING</b>	<b>TERM ENDS</b>
Ann Butterworth Office of the Comptroller James K. Polk Building, 17th Floor Nashville, TN 37243	615-401-7910	<a href="mailto:Ann.Butterworth@tn.gov">Ann.Butterworth@tn.gov</a>	Comptroller's Designee	No Expiration
Daisy W. Madison 3911 Merrywood Lane Chattanooga, TN 37416	423-757-5232	<a href="mailto:Madison_D@mail.chattanooga.gov">Madison_D@mail.chattanooga.gov</a>	Government Finance	6/30/2011
Drexel Heidel Assistant Manager/Engineer West Knox Utility District PO Box 51370 Knoxville, TN 37950-1370	865-862-6701	<a href="mailto:WKUDdrex@aol.com">WKUDdrex@aol.com</a>	Active employee of a utility district	6/30/2012
Ben Bolton CTEH 124 1st Avenue South Franklin, TN 37064	615-591-6616	<a href="mailto:bbolton@cteh.com">bbolton@cteh.com</a>	Manufacturing Interests	6/30/2012
Tom Moss TN Dept of Environment & Conservation 401 Church Street L & C Tower, 6th Floor Nashville, TN 37243	615-532-0191	<a href="mailto:Tom.Moss@tn.gov">Tom.Moss@tn.gov</a>	TN Dept. of Environment and Conservation Commissioner Designee	No Expiration
Joseph R. Prochaska 401 Church Street, Suite 2600 Nashville, TN 37219	615-242-0060	<a href="mailto:jrp@wp-pc.com">jrp@wp-pc.com</a>	Environmental Interests	6/30/2012
Kenneth Wiggins City of Alcoa 725 Universal St Alcoa, TN 37701	865-380-4802	<a href="mailto:kwigginns@cityofalcoa-tn.gov">kwigginns@cityofalcoa-tn.gov</a>	Active employee of a municipal water system	6/30/2012
Grey Scott Gibson Co. Municipal Water District 41 Trenton Hwy Dyer, TN 38330	731-255-0411	<a href="mailto:greyscott@bellsouth.net">greyscott@bellsouth.net</a>	Utility Districts	6/30/2010
Shirley Fox Rogers 402 Fairway Drive LaFollette, TN 37766	423-562-4961	<a href="mailto:sfrogers@bellsouth.net">sfrogers@bellsouth.net</a>	Municipalities	6/30/2011